

**IRS REDUCES BURDEN ON E-COMMERCE, SEEKS COMMENTS**

WASHINGTON -- The Internal Revenue Service today eased the tax reporting burden for barter exchanges and invited comments on future regulations dealing with barter transactions and, more generally, electronic commerce transactions. The IRS expects the new rules to be especially relevant for services bartered over the Internet, such as the exchange of advertising or "banner" space on Web sites, which has only nominal market value.

"The reporting burdens -- for either taxpayers or tax administrators -- should not outweigh the benefits of collecting information on transactions with minimal value," said IRS Commissioner Charles O. Rossotti. "We welcome input from those involved in barter exchanges, and other electronic commerce or Internet services, as we develop rules that will be workable and fair for all involved."

Specifically, IRS Notice 2000-6 exempts from the usual reporting requirements any bartering transaction involving property or services worth less than \$1.00. This applies to transactions reportable after today, which generally includes transactions effected after 1998. The IRS will not impose penalties on barter exchanges that failed to file information returns in the past for transactions that fell under the \$1.00 threshold.

The Notice invites comments on new bartering reporting regulations that the IRS and Treasury may develop. Among the issues identified are:

- whether a per-transaction exception should apply only if an aggregate annual limit is not exceeded;
- whether annual aggregate reporting should apply to noncorporate barter exchange members, as it now does for corporations;
- whether the bartering of certain property or services should be reported annually, rather than reporting each transaction separately; and
- whether special rules should apply for the bartering of electronic or Internet services.

The IRS and Treasury also welcome information and comments on additional tax issues associated with electronic commerce transactions.

Interested persons should submit comments by April 4, 2000. They may e-mail them to *sharon.y.horn@m1.irs.counsel.treas.gov* or send them to IRS, Attn: CC:DOM:CORP:R, Room 5228 (IT&A:Br2), P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

Notice 2000-6 will be available on the IRS Web site at *www.irs.gov* and will be published in Internal Revenue Bulletin 2000-3, dated January 18, 2000.

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